

FUND BALANCE POLICY

1. Purpose

The purpose of this Fund Balance Policy is to establish guidelines for the management of fund balances within Connetquot Public Library. This policy aims to ensure responsible financial management, financial stability, and accountability to the district, while also allowing for flexibility in responding to unforeseen financial needs.

2. Fund Balance Categories

The Board of Trustees may assign a portion of the fund balance for specific purposes, such as capital projects, technology upgrades, or other library priorities. The Executive Director, with approval by the Board of Trustees, may recommend assignments of fund balance for specific purposes.

The library district will maintain fund balances in the following categories:

Nonspendable

- Fund balance amounts that cannot be spent because they are either 1) not in a spendable form, such as inventory or prepaid items or 2) legally or contractually required to be maintained intact.

Restricted

- Fund balance amounts that can be spent only for the specific purposes stipulated by external resource providers, for example, grant funds. Restrictions may be changed or lifted only with the consent of the resource providers.

Committed

- Fund balance includes amounts that can be used only for the specific purposes determined by the Board of Trustees as the highest level of decision-making authority.
- Commitments may be changed or lifted only by a two-thirds majority vote by the Board of Trustees.

Assigned

- Fund balance comprises amounts intended to be used by the library for specific purposes. Intent can be expressed by the Board of Trustees or by an official or body to which the Board of Trustees delegates the authority, such as the Executive Director. Assigned fund balance represents the amount that is not restricted or committed.

Unassigned

- Fund balance is the residual classification for the general fund and includes all amounts not contained in the other classification. Unassigned amounts are technically available for any purpose.
- The library will strive to maintain a minimum unassigned fund balance equaling three months of projected expenditures to provide financial stability and to cover unexpected emergencies.

3. Permitted Uses of Fund Balance

- When resources are available from multiple classifications, the library's policy is to spend funds in the following order: restricted, committed, assigned, unassigned.

4. Reporting

- The library will provide regular financial reports to the Board of Trustees, which will include fund balance status.

5. Review and Amendments

- The fund balance policy will be reviewed annually during the budgeting process. Adjustments to fund balance categories and amounts will be made as necessary based on changing financial conditions and the library's goals.

6. Accountability

- The Board of Trustees is responsible for ensuring compliance with this policy and for making decisions regarding the allocation and use of fund balances.

Policy 900-20

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